

Message Text

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SUBJECT: SWEDISH INDUSTRY DELEGATION IN WARSAW TO DISCUSS
INDUSTRIAL COOPERATION WITH POLAND

1. THE SWEDISH PRESS REPORTS THAT A SWEDISH INDUSTRY DELEGATION HEADED BY LARS-ERIK THUNHOLM, EXECUTIVE DIRECTOR OF SKAN-DINAVISKA ENSKILDA BANKEN, IS IN WARSAW TO DISCUSS WITH POLISH GOVERNMENT OFFICIALS CREDIT PROBLEMS AND THE POSSIBILITY OF ESTABLISHING WIDESPREAD COOPERATION BETWEEN POLISH AND SWEDISH INDUSTRY. THE SWEDISH DELEGATION IS COMPOSED OF REPRESENTATIVES OF SEVERAL OF SWEDEN'S LEADING COMPANIES, INCLUDING ASEA, ALFA-LAVAL, ATLAS COPCO, LM ERICSSON, BEIJERINVEST, AND SALEN-REDERIerna.

2. ACCORDING TO THE REPORT, THE POLISH GOVERNMENT IS ANXIOUS TO SUPPLY SWEDEN WITH ELECTRIC POWER AND LARGE QUANTITIES OF STEAM COAL FOR SWEDISH THERMAL POWER PLANTS AND FOR SPACE HEATING. THIS NEW INITIATIVE ON THE PART OF POLAND REPORTEDLY STEMS FROM POLAND'S EXPECTATIONS OF A REVISION OF SWEDEN'S NUCLEAR POWER POLICY--A DEVELOPMENT WHICH WILL INCREASE SWEDEN'S NEEDS FOR SOLID FUELS FOR POWER GENERATION. POLAND IS ALSO RUNNING A SUBSTANTIAL DEFICIT IN ITS TRADE WITH SWEDEN. IN 1975 SWEDISH EXPORTS TO POLAND TOTALED SKR 1.7 BILLION (\$407 MILLION) WHILE IMPORTS FROM POLAND AMOUNTED TO ONLY SKR 815.5 MILLION (\$195.1 MILLION). MOREOVER, POLAND IS SAID TO BE SORELY IN NEED OF

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WESTERN HARD CURRENCIES TO FINANCE ITS GROWING IMPORT

TRADE AND TO PAY OFF ITS MOUNTING FOREIGN DEBTS.

3. A LONG-TERM COAL AGREEMENT BETWEEN SWEDEN AND POLAND HAS BEEN UNDER DISCUSSION FOR SOME TIME. THESE DISCUSSIONS WERE PARTICULARLY LIVELY IN THE SPRING OF 1974 IN CONJUNCTION WITH THE PRESENTATION OF THE LARGE STEELWORKS 80 PROJECT IN NORTHERNMOST SWEDEN, AN UNDERTAKING WHICH HAS NOW BEEN SHELVED INDEFINITELY. THE GROWING OPPOSITION TO NUCLEAR POWER IN SWEDEN AND THE SWEDISH GOVERNMENT'S INTENTION OF PRESENTING A REVISED ENERGY PROGRAM IN 1978--WHICH MIGHT WELL HALT THE HEADLONG PLUNGE INTO THE NUCLEAR SOCIETY--HAS UNDOUBTEDLY PROMPTED THE POLES TO MAKE A NEW APPROACH IN THE COAL ISSUE.

4. IN THE EVENT A COAL AGREEMENT BETWEEN POLAND AND SWEDEN SHOULD BECOME A REALITY, THE POLISH COMPANY WEGLOKOKS IS LIKELY TO HANDLE THE DELIVERIES OF COAL TO SWEDEN. WEGLOKOKS HAS ALSO INDICATED AN INTEREST IN DELIVERING TO SWEDEN ELECTRICITY TO BE GENERATED BY A COAL-FIRED POWER PLANT IT WOULD BUILD FOR THE PURPOSE IN POLAND. THAT PLANT WOULD BE DESIGNED FOR A CAPACITY OF 1,000 MEGAWATTS, WHICH IS ROUGHLY EQUAL TO THE COMBINED GENERATING CAPACITY OF THE TWO SWEDISH REACTOR UNITS CURRENTLY INSTALLED AT BARSEBACK, OUTSIDE MALMO.

5. THE POLISH EMBASSY IN STOCKHOLM HAS REPORTEDLY BEEN MAKING INQUIRIES OF SEVERAL SWEDISH MUNICIPAL POWER COMPANIES, INCLUDING THOSE IN STOCKHOLM AND GOTEBOG, REGARDING THEIR POSSIBLE INTEREST IN POLISH COAL. ALSO CONSULTED WAS SWEDISH INDUSTRY MINISTER NILS ASLING, WHO TOLD THE SWEDISH PRESS THAT HIS REACTION TO THE POLISH OFFER WAS POSITIVE (BOTH ASLING AND PRIME MINISTER THORBJORN FALLDIN ARE OPPOSED TO NUCLEAR POWER). GOTEBOG IS REPORTEDLY PLANNING TO BUILD A LARGE THERMAL POWER PLANT DESIGNED TO USE EITHER COAL OR OIL.

6. COMMENT. THE SWEDISH INDUSTRY DELEGATION IN WARSAW WAS RECEIVED BY POLAND'S PRIME MINISTER AS WELL AS THE MINISTERS OF FINANCE AND FOREIGN TRADE. THE FACT THAT THE SWEDISH DELEGATION, WHICH IS WHOLLY PRIVATE, HAD UNCLASSIFIED

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BEEN RECEIVED BY SUCH HIGH-LEVEL MEMBERS OF THE POLISH GOVERNMENT IS GENERALLY REGARDED IN SWEDISH INFORMED CIRCLES AS AN INDICATION OF POLAND'S GREAT INTEREST IN COOPERATING WITH SWEDEN IN THE INDUSTRIAL SPHERE AND IN MAKING LONG-TERM ARRANGEMENTS FOR SWEDISH CREDITS AND THE SUPPLY OF POLISH COAL. FURTHER INFORMATION ON THE OUTCOME OF THE SWEDISH-POLISH TALKS IN WARSAW WILL BE SUBMITTED TO THE DEPARTMENT UPON THE RETURN OF THE

SWEDISH DELEGATION TO STOCKHOLM.
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